

1999 Qualified Allocation Plan

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State of Georgia
1999
Qualified Allocation Plan
for
Low Income Housing Tax Credits
and
Affordable Housing Resources

Georgia's 1999 Qualified Allocation Plan (Plan) sets forth: a) a description of federal and state resources available for financing rental housing affordable by low and very low income households; b) the legislative requirements for distributing these financing resources; c) the State's requirements for the location of such housing; d) the State's preferences for the type of rental housing to be developed; e) the process to evaluate funding requests and awarding of these resources; and f) program compliance requirements and procedures. The Plan is administered by the Georgia Department of Community Affairs (DCA) through the Office of Affordable Housing Development (OAHD).

DCA is committed to making quality affordable housing available for low-income Georgians. Accordingly, the Office of Affordable Housing Development will direct Tax Credit, HOME, and other state resources to those projects that best address Georgia's affordable housing needs. DCA has identified areas in Georgia for targeting affordable housing resources toward both elderly and family populations based on in-depth demographic analyses. The results of this study are discussed under Project Locational Characteristics within the Project Selection Criteria portion (Section 13) of this Plan.

DCA will promote the development of affordable housing that meets DCA quality levels that can be maintained for the affordability period required by all program regulations. The 1999 Threshold and scoring elements are designed to encourage such housing development.

Additionally, DCA will provide all applicants with feedback in developing financially feasible and economically viable applications through a Pre-Application process. Based on Pre-Application data submitted, DCA will identify to the applicant ways in which the proposed project could be made more economically viable and financially feasible. Applicants whose Pre-Application proposals are deemed by DCA to be infeasible will be advised of this determination during the Pre-Application stage to assist the applicant in avoiding the costs associated with submitting a Formal Application. Projects that receive funding awards will be those that best achieve a balance between construction quality, financial feasibility, and ability to meet Georgia's housing needs.

At each stage of the application process, DCA will review each project based on economic feasibility. Accordingly, DCA will underwrite each project, and may require more than the minimum established criteria. In addition, project assumptions may be adjusted to reflect

characteristics more representative of the project or economic environment. In all cases, DCA will apply reasonable and customary industry standards in the review process. DCA will determine whether an application is economically feasible in its sole and absolute discretion, and its determinations will be final.

SECTION 1 FINANCING RESOURCES

Low-Income Housing Tax Credits

The annual federal Low Income Housing Tax Credit (Credit) allocated to the State of Georgia equals \$1.25 multiplied by the federal government's estimate of Georgia's population. The amount of Credit available for the 1999 funding cycle will be comprised of the State's 1999 Credit allocation, unused Credit from previous years, and any national pool Credit available to the state. The total estimated amount of Credit available for 1999 will be set forth in the 1999 Notice of Funds Available (NOFA). Note: Owners of tax exempt bond financed developments may be eligible for credit outside of the state's annual credit ceiling.

HOME Investment Partnerships Program (HOME)

HOME funds are allocated to states annually by the U.S. Department of Housing and Urban Development (HUD) using a formula that takes into consideration the existence of substandard housing conditions and poverty levels within each state. The amount of HOME funds available to the OAHD for State Fiscal Year (SFY) 2000 will be comprised of a part of the State's Federal Fiscal Year (FFY) 1999 allocation of HOME funds, plus any unused HOME funds allocated to the HOME Rental Housing or HOME CHDO Loan programs from previous federal fiscal year allocations. The FFY1999 HOME allocation will be available to the State on July 1, 1999, following approval of the Annual Action Plan for FFY1999 Consolidated Funds. The 1999 NOFA will set forth the approximate amount of HOME funds available to the OAHD.

State Housing Trust Fund for the Homeless

In 1989, the General Assembly created the State Housing Trust Fund for the Homeless (HTF) to finance homeless assistance and homeless prevention programs. The Supportive Housing Production Program (SHPP) is administered by the Office of the Affordable Housing Development. The approximate amount of SHPP funding amount and a full program description will be set forth in the 1999 NOFA.

SECTION 2 LEGISLATIVE REQUIREMENTS

Low Income Housing Tax Credit Program

The Official Code of Georgia Annotated Title 50-26-8(a)32 gives the Georgia Housing & Finance Authority (GHFA) certain powers of authority. As the agency managing the affairs of GHFA, DCA is authorized to:

“.... allocate and issue low-income housing credits under Section 42 of the Internal Revenue Code of 1986, as amended, and to take all other actions and impose all other conditions which are required by federal law or which in the opinion of the agency are necessary or convenient to ensure the complete, effective, efficient and lawful allocation of and utilization of the low-income housing credit program. Such conditions may include barring applicants from participation in the tax credit program due to abuses of the tax credit program and imposing more stringent conditions for receipt of the credit than are required by Section 42 of the Internal Revenue Code....”

Section 42 of the Internal Revenue Code (IRC) mandates that each state adopt an annual plan for Credit allocation. A draft version of the Plan is made available for public comment and the final version is approved by the Governor. The Plan applies to projects awarded Credits from the state’s annual allocation, and to projects financed by tax-exempt bonds and awarded Credits outside of the annual Credit allocation. IRC Section 42(m)(1)(B)-(C) requires that each state:

- A. Set forth the project selection criteria appropriate to local conditions;
- B. Give preference in allocating Credits to projects which:
 - 1) serve the lowest income tenants
 - 2) obligate to serve qualified tenants for the longest time periods;
- C. Consider the following in allocating Credits:
 - 1) project location
 - 2) housing needs characteristics
 - 3) project characteristics
 - 4) applicant characteristics
 - 5) participation of local tax-exempt organizations
 - 6) tenant populations with special housing needs
 - 7) public housing waiting lists; and,
- D. Establish procedures to monitor projects receiving Credits for compliance with program provisions, and to notify the Internal Revenue Service of any noncompliance issues.

HOME Investment Partnerships Program

The HOME Investment Partnerships Program regulations (24 CFR Part 92) require that each Participating Jurisdiction (PJ) distribute its HOME resources in accordance with the priorities

and objectives outlined in its most current approved Consolidated Plan prepared in accordance with established HUD regulations (24 CFR Part 91). The State's Annual Action Plan for FFY1999 Consolidated Funds identifies its proposed distribution method, geographic allocation, and guidelines for meeting other federal requirements for all HOME funded programs of the State. The Annual Action Plan incorporates the Combined Qualified Allocation as the established policy and procedures for the State's review and evaluation of applications to DCA for its HOME Rental Housing Loan, HOME CHDO Loan, and HOME CHDO Predevelopment Loan programs.

HTF Supportive Housing Production Program

In 1989, the General Assembly created the State Housing Trust Fund for the Homeless (HTF). The Supportive Housing Production Program (SHPP) is administered by the OAHD, and provides financial assistance to nonprofit developers of permanent housing for special needs households. The assistance is usually in the form of long term loans. These loans have requirements related to the continued affordability of the rents and the provision of adequate supportive social services for the residents.

SECTION 3 AFFORDABLE RENTAL HOUSING NEEDS

The State's Consolidated Plan identifies the housing needs of low and moderate income Georgians. Issues of cost burden, overcrowding, and substandard housing affect many households with incomes less than 60% of Median Family Income (MFI). In addition to this general population of low income households, HUD and the State consider certain other subpopulations as Special Need households, including: the homeless, the elderly, persons with disabilities (mental, physical, developmental), abused spouses and their children, persons with alcohol or other drug addiction, and persons living with HIV/AIDS. The State has also added migrant farm workers to this definition of "Special Need" households. Applicants are referred to the State's Consolidated Plan for complete information regarding Georgia's housing need.

SECTION 4 AFFORDABLE RENTAL HOUSING OBJECTIVES

The State's Consolidated Plan establishes priorities and objectives to improve affordable housing and community development opportunities across Georgia. A major State priority established in the Consolidated Plan is to increase the number of Georgia's low and moderate income households who have obtained affordable, rental housing which is free of overcrowded and structurally substandard conditions. The mandate of the Office of Affordable Housing Development is to encourage the production of quality, rental housing to fulfill this priority need. To achieve this mandate, DCA makes federal and state resources available to applicants that support either of the following purposes:

- Provide quality affordable rental housing, in those areas of Georgia having the greatest need, that is designed to last at least the period of affordability.

- Make available quality affordable rental housing that incorporates supportive programs for special need households, including the homeless, the elderly, persons with disabilities (mental, physical, developmental), abused spouses and their children, persons with alcohol or other drug addiction, persons with HIV/AIDS, and migrant farm workers.

Within these broad priorities, DCA will rank all projects that meet Threshold based on the following factors:

- Application Completeness
- Project Locational Characteristics
- Tenancy Characteristics
- Special Needs Projects
- Local Government Support and Financing Assistance
- Project Characteristics
- Project Readiness to Proceed, and
- Compliance Status

SECTION 5 1999 APPLICATION SUBMISSION DEADLINE

DCA will conduct one application cycle for OAHD funds during 1999, consisting of two parts: (1) the Pre-Application and (2) the Formal Application. Eligibility to submit a Formal Application is dependent on the timely submission of the Pre-Application. Both applications must be delivered by the appropriate deadlines to:

Georgia Department of Community Affairs
Housing Finance Division
Second Floor
60 Executive Park South, NE
Atlanta, GA 30329-2231

The Pre-Application must be received at DCA's office no later than 5:00 p.m. on February 8, 1999. It is the responsibility of the applicant to have a complete Pre-Application delivered by this deadline. The use of a third party or common carrier to deliver the Pre-Application does not relieve the applicant of its responsibility for meeting the deadline. Consequently, there will be no exceptions to this deadline. In addition, no assemblage, packaging, or other form of preparation of applications will be permitted at any time on DCA premises. Within the Pre-Application, each applicant should outline their proposed project, including:

- A description of the project concept, including the number of units and buildings, population to be served, amenities, and services to be offered;
- Information on the proposed location, including evidence of appropriate zoning or application for rezoning, and evidence of access to utilities;
- Identification of the proposed ownership entity, development team (including consultants) and management team;

- A site location map, identification of the full physical address, a description of surroundings, and photographs of the site;
- Information on the proposed rent structure;
- A preliminary sources and uses of funds and proforma cash flow;
- Plans to relocate any existing tenants, and, if so, how the relocation will be managed;
- A proposed production timetable; and,
- Copies of pertinent documents, such as utilities, zoning, etc.

Although DCA would like to see as much detail as possible in the Pre-Application, site plans do not have to be approved by the local government and site control is not required. To the extent the applicant is able to obtain principal amounts, interest rates, terms, amortization periods, conditions for funding etc. from financial institutions, please submit this information. At this stage, DCA will accept “letters of interest” from financial institutions which state that the pro forma terms are reasonable.

Questions regarding the Pre-Application must be received by DCA in writing, via mail, or facsimile transmission, by January 4, 1999. DCA will respond to all questions in writing to avoid potential misunderstandings or miscommunications that may result from verbal discussions. Accordingly, DCA will not entertain telephone calls or conferences. Pre-Applications must be submitted in the written format prescribed by DCA, and must include one (1) original and two (2) copies of the Pre-Application.

All Pre-Applications will be scored for compliance during the Pre-Application cycle, and potential applicants will be advised of the score of their proposed development teams. This will enable the potential applicants to adjust the development teams if necessary to ensure a team that will be more competitive in the Formal Application round. All instances of non-compliance will be considered. For more information on compliance related scoring issues, see Section 13, part VII.

The Pre-Application will serve as the first of a two-tiered approach to encourage the submission of housing development proposals that address Georgia’s needs and best reflect the characteristics associated with existing, successful projects. The Pre-Application process will afford DCA the opportunity to suggest alternatives to initial proposal concepts that, if incorporated into the development plan, would enhance the proposal’s financial feasibility and economic viability.

Applicants are hereby advised that their acceptance and incorporation of our suggestions into their proposal does not constitute a DCA endorsement of the proposal or a guarantee that the proposal will receive DCA funding. Please note that it is possible that not all potential issues may be identified by DCA at the time of Pre-Application. Applicants should not rely on DCA’s comments either as assurance that the project meets threshold or that all potential issues have been identified.

Formal Application

Only parties who submitted Pre-Applications by the February 8, 1999 deadline will be eligible to submit a Formal Application for DCA funding.

On March 12, 1999, DCA will send out Pre-Applications comments, if any, and forms for requesting a Formal Application. Pre-Applicants who choose to submit a Formal Application for their potential projects may order the Formal Application with the designated forms. March 19, 1999 is the applicants' deadline for requesting a formal application.

The Formal Application must substantially reflect the Pre-Application. For instance, a Pre-Application filed for a 96-unit family project cannot become a Formal Application for a 35-unit elderly project. Since DCA will issue comments on the Pre-Application, DCA will allow the Formal Application to change from the Pre-Application if it does not substantially alter the project's concept, location, financial feasibility, or character. The submission of a Formal Application only qualifies an applicant for an opportunity to compete in the funding round if all Threshold requirements for the Formal Application are satisfied.

The Formal Application is due at DCA by 5:00 p.m. on April 30, 1999. DCA must receive one (1) original and one (1) copy of the Formal Application. Additionally, applicants must pay a fee, set by DCA, to offset the costs of a market study to be commissioned by DCA. Applicants will be billed after the Formal Application deadline. The resulting market study is the sole property of DCA. However, after the competitive round is complete and reservations have been announced, each applicant will be entitled to receive one copy of their respective project's market study, upon written request to DCA. Applicants should submit complete Formal Applications according to the directions and format prescribed in the 1999 OAHF Application Manual (Manual).

SECTION 6 PROJECT RECONFIGURATION/APPLICATION MODIFICATION

Applicants will not be allowed to make any changes to the Formal Application after submission to DCA without a written request and prior written approval from DCA. This provision applies to any changes proposed after submission of the Formal Application, and if an award of funds is made, throughout the project's compliance period. All proposed changes to the project from the Formal Application must be discussed in detail with DCA. Applicant must clearly establish the importance of the change, and why it is necessary to ensure the project's long-term financial feasibility and economic viability. DCA will determine, in its sole and absolute discretion, whether or not a requested change will be authorized. The prohibition against changing any part of the Formal Application without the prior written approval of DCA also applies to transfers of direct, indirect, and/or equitable general partner's, or developer's interest. Failure to abide by this provision will adversely

affect the applicant's eligibility to receive future OAHF funding and/or may jeopardize any DCA loans.

SECTION 7 CONFORMANCE WITH FORMAL APPLICATION INSTRUCTIONS

Formal Applications must conform with all of the instructions set forth in the Manual. Applicants failing to complete the Formal Application in accordance with the instructions set forth in the Manual will be notified in writing of the Formal Application incompleteness and will be provided a five (5) business day period from the date of the notification letter to correct DCA-identified deficiencies in accordance with Manual requirements. DCA-identified deficiencies will be limited to Threshold items. No changes to a scoring item will be accepted after the application deadline. A reprocessing fee will be charged for each required form and supporting document not submitted in the Formal Application package.

SECTION 8 1999 FORMAL APPLICATION PROCESSING FEES

The following Formal Application processing fees will be charged based on the status of the applicants. All fees must be paid by check or money order made payable to the Georgia Department of Community Affairs. No fee will be assessed during the Pre-Application process.

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For-Profit and For-Profit/Nonprofit Joint Ventures

	Fees	Due Date
1999 Credit Application Fee	\$2,000	4/30/99
1999 HOME Application Fee	\$500	4/30/99
1999 SHPP Application Fee	\$500	4/30/99
Waiver Review Fee	\$100 – Special Needs \$500 - Others	Prior to 4/2/99
Reprocessing Fee	\$500 per document	Upon request by DCA
Credit Reservation Fee	7% of annual allocation	At time reservation sent in
Credit Compliance Monitoring Fee	\$600 per unit	Prior to issuance of 8609
Credit Compliance Monitoring Fee for USDA projects	\$150 per unit	Prior to issuance of 8609
Bond/4% Credit Determination Letter	\$2,500 (\$2,000 will be credited to the compliance monitoring fee)	At time of submission of Formal Application
Bond/4% Credit IRS Form 8609 Fee	2% of Annual Credit Amount	At time of submission of IRS Form 8609

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Nonprofit Sole General Partner

	Fees	Due Date
1999 Credit Application Fee	\$1,000	4/30/99
1999 HOME Application Fee	\$250	4/30/99
1999 SHPP Application Fee	\$250	4/30/99
Waiver Review Fee	\$50 – Special Needs \$500 - Others	Prior to 4/2/99
Reprocessing Fee	\$500 per document	Upon request by DCA
Credit Reservation Fee	7% of annual allocation	At time of reservation or when credits are syndicated
Credit Compliance Monitoring Fee	\$600 per unit	Prior to issuance of 8609
Credit Compliance Monitoring Fee for USDA projects	\$150 per unit	Prior to issuance of 8609
Bond/4% Credit Determination Letter	\$2,500 ((\$2,000 will be credited to the compliance monitoring fee)	At time of submission of Formal Application
Bond/4% Credit IRS Form 8609 Fee	2% of Annual Credit Amount	At time of submission of IRS Form 8609

SECTION 9 EVALUATION OF FORMAL APPLICATIONS

The 1999 OAHF funding will be made available to projects through a competitive selection process. Formal Applications will be evaluated as follows:

COMPLETENESS REVIEW

Note: Modification of the content of any Threshold or Scoring Criteria documentation will not be allowed after the Formal Application submission deadline.

Formal Applications received by DCA will be reviewed for completeness, as set forth in the Manual, including:

- Organization of the application;
- Inclusion of all required application forms; and

- Submission of all required supporting documents.

Applicants with incomplete Formal Applications will be notified in writing and provided five (5) business days to correct DCA identified deficiencies. A fee of \$500 per deficiency will be assessed for document reprocessing. The five (5) business day “grace period” will begin as of the date DCA transmits via facsimile the notification letter to the applicant. A second copy of the deficiency letter will be sent to the applicant by registered mail. Missing items from the Formal Application as identified by DCA must be submitted in writing and must be sent to DCA via registered mail with a check or money order in the amount of the reprocessing fee. Formal Applications that are incomplete after the five (5) business day grace period will fail Threshold requirements and will not be considered for funding. Applicants are responsible for the quality and content of their Formal Applications. **DCA will only notify an applicant if a required Threshold document is physically missing.** DCA makes no representation at this stage regarding the adequacy of the submissions, and will not allow corrections of items determined to be inadequate during the Threshold review.

PROJECT SELECTION PROCESS

All complete Formal Applications will be reviewed to determine if the project meets the mandatory Threshold requirements. Only complete applications that pass the Threshold Analysis will be scored against the Project Selection Criteria set forth below. Scored applications will be ranked in descending order by total point score. The approval of partial project financing will be at the sole and absolute discretion of DCA. DCA will provide written notification to each applicant of their respective award status.

SECTION 10 DETERMINATIONS FINAL

DCA’s determinations on the allocation of OAHD funding will be final. The applicants of non-funded applications will not be afforded an administrative appeal.

SECTION 11 DCA POLICIES

DCA maintains certain basic policies pertaining to programs administered by the Office of Affordable Housing Development. Each applicant is responsible for understanding and adhering to all information covered in the policies. These policies are attached and included by reference in this Plan. Generally, a proposed project must:

- Meet housing and community development needs set forth above and be supported by market demand as determined by DCA;
- Meet DCA feasibility and viability standards;
- Meet DCA site and construction quality standards;
- Demonstrate readiness to proceed to loan closing and commencement of construction (with funds available to cover project costs during construction) and lease-up;

- Evidence lack of local government opposition, be consistent with local development plans, and have proper zoning and infrastructure;
- Identify sources of funds to pay for any amenities or services proposed; and,
- Consist of an ownership, development, and management team that does not have a history of significant noncompliance problems.

In awarding Credits and HOME loan funds, DCA will, in its sole and absolute discretion, take the necessary measures to ensure that no geographic area of the state receives an undue share of the projects in any application round.

SECTION 12 APPLICATION THRESHOLD REQUIREMENTS

To be considered for OAHD financing, applications must meet the following mandatory Threshold requirements:

I. Conformance with DCA Policy Statements and Proforma Assumptions

In preparing project economic forecasts, applicants must use the DCA's project economic pro forma assumptions and abide by DCA policy statements. These economic pro forma assumptions and DCA policy statements are set forth in the Manual.

II. IRC Section 42 and/or 24 CFR Part 92 Gross Rent Restrictions

Dwelling unit rents must conform to U.S. IRC Section 42 and/or HOME 24 CFR Part 92 gross rent (contract rent and tenant utility allowances) restrictions. Tenant utility allowances must conform to the requirements set forth in the Manual. In the event Credits and HOME or SHPP funds are requested, the most restrictive gross rents will govern.

III. Mandatory Maximum Rents for Projects Located in the Atlanta MSA

Note: Not applicable to Tax Exempt bond financed projects.

For each low-income unit included in a Credit Project, maximum gross rents may not exceed 30% of 54% of the effective AMI tables for the Atlanta MSA for the duration of the Credit compliance period. Applicants should assume 1.5 persons per bedroom. Applicants will be required to execute restrictive covenants to this effect.

In the event an applicant seeks both HOME funds and Credits, 40% of the unit rents may not exceed 30% of 50% of the effective AMI table, and the remaining units may not exceed 30% of 54% of the effective AMI tables. Applicants should assume 1.5 persons per bedroom.

IV. Unit Cost Limitations

Note: Not applicable to Tax Exempt Bond financed projects.

Per unit costs must not exceed the following cost limitations:

<u>Unit Type</u>	<u>Cost Limit</u>
Efficiency	\$52,000
1 Bedroom	\$60,000
2 Bedroom	\$71,500
3 Bedroom	\$92,500
4 Bedroom +	\$98,500

All applicants may request cost limit waivers if they feel extenuating circumstances exist that justify such a waiver. However, the decision to grant such a waiver is solely DCA's, and DCA's decision will be final.

Waiver requests must be submitted to DCA as early as possible, but no later than April 2, 1999, and accompanied by the appropriate Waiver Review Fee. DCA will respond to Waiver requests within ten (10) business days of receipt. When requesting a Waiver, applicants must use the Per Unit Cost Waiver Form provided by DCA. An approved Waiver must be included in the Formal Application as a condition of DCA's approval of higher cost limits.

V. Site Control

Site control must be in the form of a Warranty Deed or a legally binding contract to purchase (contract) the proposed project site in the name of the ownership entity. A binding long-term ground lease, or an option for a binding long-term ground lease, with a minimum term of forty-five (45) years may serve as evidence of site control. Contracts must be executed prior to application deadline and provide legal control of the site to the proposed ownership entity at least through August 15, 1999. In the event the Contract provides the ownership entity with the ability to renew the Contract for specific periods of time, the ownership entity must include in the Formal Application verifiable documentation which demonstrates that the ownership entity met the time period extensions through August 15, 1999. A copy of a recorded Warranty Deed or a fully executed original contract must be submitted with the Formal Application. Contracts must meet the specifications set forth in the Manual.

VI. Site Density

DCA requires a minimum unit density of eight (8) units per acre. However, for instances in which local zoning requirements specify a maximum unit density of fewer than eight (8) units per acre, DCA will consider waiving this requirement. In all instances the applicant must submit clear documentation of the local density limitations. This documentation shall reflect zoning and land use limitations, flood plains and wetlands

designations that indicate the ratio of buildable land, or any other information which explains the size of the land block being developed. Land which is part of the project, but unsuitable for building, can not take up more than 1/5 of the site. This type of land includes easements, wetlands, and flood plains. **In no event will DCA approve fewer than 5 units per acre.**

VII. Environmental Requirements

A. Environmental Study

A Phase 1 Environmental Study prepared in accordance with the Environmental Guide contained in the Manual must be included in the Formal Application. This environmental study should fully address all recommendations of the Consulting Environmental Engineer, including Phase II Environmental Studies or any additional testing, and must be completed at the time of the Formal Application. The Phase 1 Environmental Study must have been conducted within six (6) months of the Formal Application submission date. If there is a previous Environmental Site Assessment that has been completed and is older than 6 months, a copy of this assessment must be included with the application along with an updated assessment.

All requirements set forth in the Environmental Review Guide located in the Manual must be met. In addition, other required information for the update includes: (1) details of the new reconnaissance with updated photos; (2) an update of all regulatory reviews including federal and state lists; (3) all original material and updates; and (4) a professional opinion, provided by the engineer completing the update, addressing any changed conditions to the site.

B. Site Owner's Environmental Questionnaire

The owner of record of the proposed development site must complete a Site Owner's Environmental Questionnaire (Questionnaire) and the applicant must include the completed original Questionnaire in the Formal Application. The Questionnaire must be signed and notarized in the spaces provided, at the time of application.

VIII. Project Feasibility and Viability Analysis

Note: With the exception of elderly and special needs projects, balloon loans will be considered for projects located only in those counties in the state in which area median incomes are equal to or below non-metro average incomes. These counties are depicted by the map shown on the following page. Balloon loans will be considered for elderly and special need projects regardless of location.

Formal Applications will be reviewed to confirm project financial feasibility and economic viability. As part of this process, the type of construction and associated hard construction costs will be examined. For example, a rehabilitation work scope will be

compared to the cost of new construction for the same project, the affordability period of the project, and the unrestricted appraised value of the completed project.

Applications will not be funded if the rehabilitation of a substandard property, in the opinion of DCA, will not result in improved, safe and decent long-term housing or, if new construction would be more appropriate. A similar review of project financial feasibility and economic viability will be conducted for all applications proposing new construction to ensure that each project's construction hard costs will produce high quality housing for the targeted tenant market.

The review standards for both rehabilitation and new construction projects will be:

- a. The expected life of the completed property must exceed by five (5) years the greater of the minimum Credit Compliance Period, or the DCA HOME Loan Term, whichever is longer; and
- b. All construction must meet the requirements set forth in the Manual.

Rehabilitation projects will only be considered for funding if average per unit rehabilitation costs equal or exceed \$10,000. In addition, the total hard cost of any rehabilitation project must not exceed ninety percent (90%) of the as-completed unrestricted appraised value of the property. The appraisal will be commissioned by DCA and will be based on market rents.

The proposed project must achieve a blended debt service coverage ratio of no less than 1.10 during the fifteen (15) year initial credit compliance monitoring period and/or the full term of the HOME Loan. The annual income, vacancy rate, operating cost, and replacement reserve forecasting assumptions set forth in the Manual must be applied in determining the debt service coverage ratio. The outstanding balance on balloon loans at loan maturity must not exceed the original loan balance. In addition, with balloon loans, the projected appraised value of the subject property at maturity must exceed the outstanding loan balance.

IX. Site Zoning

Zoning must be in place on or before the Formal Application deadline. Zoning of the development site must conform to the site development plan and must be confirmed, in writing, by the authorized local government official. An original letter from the authorized Local Government Official must be included in the Formal Application, which includes the zoning and land use classification of the property along with a clear explanation of the requirements of these zoning and land use classifications. In the event that the governmental jurisdiction does not have or enforce a zoning code, the applicant should include in the Formal Application an adopted resolution of the local governing body which states that the local government does not have or enforce a zoning code, and that the local governing body approves the site development plan. The Applicant must provide documentation that demonstrates that the site layout conforms to any

moratoriums, density, setbacks, or other imposed requirements of the local government. It should be noted that a site development permit will satisfy the requirement of the local government letter. It is the responsibility of the applicant to ensure that all issues and questions surrounding the zoning and land use classification of a proposed site is clearly defined prior to the time of Formal Application. Any unclear or unresolved issues of zoning and land use could result in rejection of the application.

X. Operating Utilities

Required project operating utilities (gas and electric service), as applicable, must be physically available to the proposed development site as of the Formal Application submission date. The appropriate utility company must confirm in writing the availability and capacity of operating utilities at the proposed development site. The original letters bearing original signatures from the appropriate utility companies must be included in the Formal Application. Any charges for the extension of services are not eligible for funding as project costs under OAHD programs. If the utilities are contingent on annexation of the property, or the improvement of infrastructure, the annexation process or infrastructure improvements must be completed as of the Formal Application submission date. Verification of the annexation and improvements must be submitted with the Formal Application.

XI. Public Water/ Sanitary Sewer/Storm Sewer

Public water and sewer service must be physically available at the proposed development site as of the Formal Application submission date. The availability and capacity of public water and sewer service to the site must be documented by letter(s) from the local public water and sewer authorities. The original letters from the appropriate public water and sewer authorities must be included in the Formal Application. Any charges for the extension of services are not eligible for funding as project costs under OAHD programs. If the public water and/or sewer system are contingent on annexation of the property, or the improvement of the infrastructure, the annexation process or infrastructure improvements must be completed as of the Formal Application submission date. Verification of the annexation and improvements must be submitted with the Formal Application.

XII. Market Feasibility

Note: Not applicable to Tax Exempt Bond financed projects.

DCA will commission a market study, prepared in accordance with agency policies, and will charge each formal applicant a fee for the study. An applicant may submit an independent market study, however, the DCA-commissioned market study will take precedence. DCA will evaluate the impact of proposed projects on existing subsidized housing located in the geographic/market area. The market study must demonstrate that sufficient demand for rental housing exists in the proposed geographic/market area to

support the proposed project. DCA reserves the right, in its sole and absolute discretion, to independently evaluate the demand for additional affordable rental housing in the geographic/market area.

XIII. Physical Needs Assessment (Rehabilitation Projects Only)

For rehabilitation projects only, a Physical Needs Assessment must be included in the Formal Application, and prepared in accordance with instructions set forth in the Manual. The assessment must be completed no more than ninety (90) days prior to the Formal Application submission deadline.

XIV. Conceptual Design and Schematic Documents

Conceptual design and schematic documents prepared in accordance with the instructions set forth in the Manual must be included in the Formal Application for all projects. In addition, location maps, photographs, a description of the surroundings, and the physical address of the site, if available, must also be included in the Formal Application.

XV. Preliminary Financing Commitments

Note: Not applicable to Tax Exempt Bond financed projects

Original preliminary commitments for non-OAHD debt financing, and general partner equity contributions (if applicable), must be submitted in the form prescribed in the Manual and must be included with the Formal Application, including preliminary commitments for:

- Construction financing;
- Non-OAHD permanent financing;
- Equity bridge loans, if required;
- Any grants or other forms of assistance included in the construction period or permanent financing sources and uses statement; and
- Financial statements to substantiate any developer or general partner provided equity independent of syndication proceeds.

Note: A formal Limited Partner's equity commitment must be submitted to DCA within 30 days of DCA's announcement of the reservations for the 1999 round.

A project that requires some project-based rental assistance for feasibility must include in the Formal Application a letter or notice of commitment from the providing agencies for the amount of rental assistance that will be provided, its duration and any qualifying terms and/or conditions. Any financing source for which the applicable federal rate of interest applies must be clearly noted.

DCA, in its sole and absolute discretion, reserves the right to determine the adequacy of all preliminary financing commitments submitted in the Formal Application.

XVI. Owner/Developer Experience

Note: This criterion is separate from the Compliance Scoring criteria.

The owner (individual, corporation, or in the case of a limited partnership, the general partner[s]) of a proposed development must submit documentation that demonstrates its ownership experience beginning with the development phase (i.e., through project lease-up) and extending for a period of at least three (3) years thereafter, for at least two (2) rental housing projects of similar size and type (in terms of the number of dwelling units and physical configuration) within the last five (5) years. In cases where the owner is also developer of the proposed development, it must also submit documentation that demonstrates its development experience of at least two (2) rental housing projects of similar size and type within the last five (5) years (in most cases, but not always, the owner/developer of the proposed project would demonstrate experience in which it was the developer of the previous projects that it also owned).

Community Housing Development Organizations (CHDOs) applying for a CHDO Loan without the requisite experience may meet the Owner/Developer Experience requirement in one of two ways: by providing a partnership or contractual agreement with a for-profit developer who has the required experience as described in the OAHD Funding Restrictions section below, or by providing an executed contract with a consultant (which can be a nonprofit intermediary) who has the required experience. The partnership or contractual agreement must remain in place through project lease-up and stabilization. All communication between DCA and the ownership entity, must be through the CHDO.

The following conditions must be met:

1. the CHDO must be eligible and competing for funding under the CHDO Loan Program;
2. the application must include an executed agreement between the CHDO and a consultant describing the responsibilities of each party to the agreement for the development of the project;
3. the agreement must include the implementation of a housing development training plan, providing for the training of the nonprofit by the for-profit;
4. the training plan must specify that the training services to the nonprofit will be provided through construction, lease-up, and permanent loan conversion, and include timetables, milestones, and training hours per week;
5. the plan must be attached to the agreement as an exhibit; and
6. the plan must be approved by DCA at its sole and absolute discretion.

DCA will monitor CHDO owner/developer training compliance.

The owner/developer must submit a detailed summary of its housing development experience, including information on the role(s) played in each development, the number of units in each development, and the length of the entity's participation in every development listed in the summary. The owner/developer may include a principal's experience gained as a principal in another firm, but not as an employee of another firm. The owner/developer may not include an employee's experience in another firm. DCA will determine whether a proposed owner/developer meets this criterion in its sole and absolute discretion, and its determinations will be final.

Grandfather Clause – Owner/Developer Experience

An Owner/Developer that has previous experience with DCA, but does not meet the time requirements as prescribed in this section of the 1999 Plan may be “grandfathered” in with respect to the time requirements under the aforesaid section of the Plan. This provision is subject to DCA’s sole and absolute discretion. A written request must be submitted with the Formal Application.

XVII. Developer’s Experience (If the Developer is Not a General Partner, as Given in Part XVI.)

Note: This criterion is separate from the Compliance Scoring criteria.

If the developer is not also the owner, a partner in the ownership structure, or does not have an identity of interest with the owner, then the following criterion shall apply:

The developer of a proposed development, if unrelated to the owner, must submit documentation that demonstrates its experience of development of rental housing projects of similar size and type for at least three (3) years within the last five (5) years. The developer must submit a detailed summary of its housing development experience, including information on the role(s) played in each development, the number of units in each development, and the length of the entity's participation in every development listed in the summary. The developer may include a principal's experience gained as a principal in another firm, but not as an employee of another firm. Nor may the developer include an employee's experience in another firm.

Community Housing Development Organizations (CHDOs) applying for a CHDO Loan without the requisite experience may meet the Owner/Developer Experience requirement in one of two ways: by providing a partnership or contractual agreement with a for-profit developer who has the required experience as described in the OAHF Funding Restrictions section below, or by providing an executed contract with a consultant (which can be a nonprofit intermediary) who has the required experience. The partnership or contractual agreement must remain in place through project lease-up and stabilization. All communication between DCA and the ownership entity, must be through the CHDO.

The following conditions must be met:

1. the CHDO must be eligible and competing for funding under the CHDO Loan Program;
2. the application must include an executed agreement between the CHDO and for-profit or consultant agreement between the CHDO and a consultant describing the responsibilities of each party to the agreement in the development of the project;
3. the agreement must include the implementation of a housing development training plan, providing for the training of the nonprofit by the for-profit;
4. the training plan must specify that the training services to the nonprofit will be provided through construction, lease-up, and permanent loan conversion, and include timetables, milestones, and training hours per week;
5. the plan must be attached to the agreement as an exhibit; and
6. the plan must be approved by DCA at its sole and absolute discretion.

DCA will monitor CHDO owner/developer training compliance.

Grandfather Clause –Developer Experience

An Owner/Developer that has previous experience with DCA, but does not meet the time requirements as prescribed in this section of the 1999 Plan may be “grandfathered” in with respect to the time requirements under the aforesaid section of the Plan. This provision is subject to DCA’s sole and absolute discretion. A written request must be submitted with the Formal Application.

XVIII. Management Company’s Experience

Note: This criterion is separate from the Compliance Scoring criteria.

The proposed property manager of a proposed development must submit documentation that demonstrates its management experience beginning with the development lease-up phase and extending for a period of at least three (3) years thereafter, for at least one (1) rental housing project of similar size and type (in terms of the number of dwelling units and physical configuration) within the last five (5) years. The proposed manager must submit a detailed summary of its housing management experience, including information on the role(s) played in each development, the number of units in each development, and the length of the entity’s participation in every development listed in the summary. DCA will determine whether a proposed property manager meets this criterion in its sole and absolute discretion, and its determinations will be final.

All of the above parties (owner/developer, developer, and manager) must be materially in compliance on all existing and previously owned or managed properties with the Credit and HOME program requirements. The status of material noncompliance exists when an owner or manager exhibits either a continual pattern of noncompliance or demonstrates an inability or unwillingness to resolve noncompliance matters in a timely manner.

Grandfather Clause – Management Company Experience

An Owner/Developer that has previous experience with DCA, but does not meet the time requirements as prescribed in this section of the 1999 Plan may be “grandfathered” in with respect to the time requirements under the aforesaid section of the Plan. This provision is subject to DCA’s sole and absolute discretion. A written request must be submitted with the Formal Application.

XIX. Eligibility for Credits Under the Nonprofit Set-Aside

- A. The organization must be a qualified nonprofit, defined as a 501(c)(3) or 501(c)(4) organization, which is not affiliated with or controlled by a for-profit organization and has included, as one of its tax-exempt purposes, the fostering of low-income housing (IRC Section 42(h)(5)(C));
- B. The nonprofit may be the sole general partner of the ownership entity or a general partner with another qualified organization meeting the experience requirements set forth above and must materially participate in the project as described in IRC Section 42(h)(5)(B). In the event the nonprofit is a general partner with another entity, the nonprofit must have at least 51% of the ownership of the general partnership. The nonprofit must receive a percentage of the owner’s share of the developer’s fee equal to the percentage of the ownership interest. A copy of the general partnership joint venture agreement which indicates the nonprofit’s general partnership interest and developer’s fee amount must be included in the Formal Application; and,
- C. Nonprofit organizations applying for Credits under the nonprofit set-aside must include in the Formal Application an opinion of an attorney who specializes in tax law on the nonprofit’s current federal tax exempt qualification status in accordance with the prescribed format contained in the Manual.

XX. Eligibility for HOME Loans Under the CHDO Set-Aside

Any nonprofit applying for HOME funds under the CHDO set-aside must be pre-qualified by DCA as a 1999 State CHDO as of the Formal Application submission deadline. The nonprofit must also be either the sole general partner of the ownership entity or a general partner with another entity. The CHDO must be the managing general partner of an ownership entity. In the event the CHDO is a general partner with a for-profit or nonprofit general partner, the CHDO must have at least 51% of the general partnership interest. A copy of the general partnership joint venture agreement indicating the CHDO’s general partnership interest and its share of the developer’s fee must be included in the Formal Application. A copy of the State CHDO pre-qualification letter must also be included in the Formal Application.

XXI. Local Government Understanding

Considering the impact affordable housing developments potentially have on local planning efforts, DCA recognizes the value of involving respective local governments in

preparing affordable housing development proposals. DCA will encourage such involvement by requiring that, minimally, local governments not be opposed to proposed affordable housing developments, and by offering scoring points for proposals that are actively supported by the respective local government. (See Section 13, part IV for discussion of this scoring aspect).

The demonstration of local government non-opposition is a Threshold requirement. Applicants must notify the respective local government of the proposed project and should obtain from the local government's controlling elected body or official (as specified in the government's respective charter) a letter indicating that it understands the nature of the proposed project and does not oppose the project. Such a letter should acknowledge awareness of the project type, number of units, and specific location, and should clearly express the local government's lack of opposition to the project. This original letter must be included in the Formal Application. In the event a local government chooses not to comment on the project proposal, the applicant must document its efforts to obtain local government comment and submit this documentation in the Formal Application. DCA will assume that local governments that do not express a position on a proposed project are not opposed to that project.

XXII. HOME-Funded Project Location

Applicants will only be awarded HOME funds if the proposed project is located outside of the political boundaries of any entity designated as a local Participating Jurisdiction (PJ) by HUD. These local PJs include the cities of Albany, Atlanta, Macon, and Savannah; DeKalb County; the consolidated governmental units of Athens-Clarke County, Augusta-Richmond County, and Columbus-Muscogee County; and the counties comprising the Georgia Urban County Consortium (Clayton, Cobb, Fulton and Gwinnett). Two exceptions to the non-PJ location requirement are those organizations applying to the CHDO Loan Program, and those applicants whose project will serve a Special Need population and received points as a Special Need Project.

XXIII. Federally Debarred & Suspended Entities

Any person (individual, corporation, partnership, association), principal (officer, director, owner, partner, key employee, or person who has critical influence), or agent for a Project Participant that is under debarment, proposed debarment, or suspension by a federal agency is ineligible to submit a Formal Application to DCA. Such applications will be rejected. Each applicant must also include in the Formal Application a statement concerning all criminal convictions, indictments, and pending criminal investigations of all general partners, and provide dates and details of each circumstance. DCA reserves the right to perform a full criminal, employment, and credit investigation of all parties identified above.

SECTION 13 PROJECT SELECTION CRITERIA

The 1999 Project Scoring System is summarized on the table below, and is detailed on the following pages. The total score possible for the 1999 funding round is 200. However, project applications must score a minimum of 100 points to be eligible for OAHD funding. Projects that score less than 100 points will not be considered for funding awards, irrespective of fund availability.

The Scoring Criteria are intended to direct applicants toward developing housing located in the State's areas of greatest need, that are positioned on sites having the most attractive characteristics, and for which local support exists and proper planning has been performed. It should be noted that scoring ties, between projects in proximity will be resolved by DCA in its sole and absolute discretion.

PROJECT SCORING SUMMARY

		Total Score Value
I.	FORMAL APPLICATION COMPLETENESS	
	A. Complete Formal Application	8
	B. All necessary Supporting Documentation Included and Application Organized in prescribed Format	2
II.	PROJECT LOCATIONAL CHARACTERISTICS	
	A. Project Need	45
	B. Site Review	
	1. Configuration	10
	2. Neighborhood characteristics	9
	3. Regulatory	9
	4. Accessibility/Visibility	7
	5. Neighborhood proximity	6
III.	TENANCY CHARACTERISTICS	
	A. Development or Tenant Support Program	15
	B. Special Need Projects	8
	C. Very Low Income Tenancy Exceeding Mandatory Requirements	4
	D. Mixed Income	8
	E. Extended Affordability Period	1
	F. Elderly	7
IV.	LOCAL GOVERNMENT SUPPORT AND FINANCING ASSISTANCE	15
V.	PROJECT CHARACTERISTICS	
	A. Local Nonprofit Participation	1
	B. Energy Efficiency Requirements	4
	C. Project Design	10
	D. Project Amenities	
	1. Washer/dryer hookups in all units (in <u>addition</u> to central laundry) or washers and dryers in each unit	5
	2. Additional equipped recreation areas	3
	3. Community Building	3
	4. Property fencing	2
	5. Both Dishwasher & Disposal	1
	6. Sprinklers (Landscape)	1
VI.	READINESS TO PROCEED	6
VII.	COMPLIANCE STATUS (possible deduction = 20)	-20 to +10
TOTAL POSSIBLE SCORE		200

DETAILED PROJECT SCORING CRITERIA

I. FORMAL APPLICATION COMPLETENESS

Scoring Value: 10 points

Points will be awarded if the following criteria are met:

- A. All required Formal Application forms and supporting documentation are included and complete at the time of original submission. For each missing or incomplete document, two points will be deducted up to a total of eight points; **(8 points)**
- B. The Formal Application is organized in the format prescribed by DCA in the Manual. **(2 points)**

II. PROJECT LOCATIONAL CHARACTERISTICS

A. Project Need

Scoring Value: 45 points

The Georgia Department of Community Affairs has completed two multifamily locational scoring models designed to identify those areas in Georgia having the greatest need for affordable multifamily housing. The first model is based on both total and relative unmet need by households with incomes between 30 and 60 percent of median family income (MFI). The second model addresses total unmet need for affordable housing for elderly (age 62+) citizens with incomes between 30 and 60 percent of MFI. Both models have total possible scores of 45 points, but only one model will apply to each application. As defined by the 1999 Plan, elderly projects must be 100% elderly; such proposals should refer to the Elderly Locational Map to determine the scoring values for elderly projects, those projects proposed for families including less than 100% elderly units, should use the General Locational Map.

The data used to develop the 1999 locational scoring maps are based upon an in-depth study that balanced Georgia's demand for affordable housing with the existing supply. The first model includes all residents of each county with incomes between 30 and 60 percent of MFI. Using this basis takes into consideration that elderly individuals may wish to locate in a housing complex where younger families may also reside.

Total unmet need is the difference between the estimated number of households with incomes between 30 and 60 percent of MFI and the supply of rental units affordable to those households (e.g., units that would require an expenditure of 30 percent of monthly household income or less for rent). Counties with total unmet need of less than 30 units were excluded from the ranking, in recognition of the difficulty of supporting an affordable housing site in such counties.

Relative unmet need is a ratio calculation that allows DCA to take into account the needs of smaller counties. In these counties, the actual number of units needed may be much lower than in larger counties, but may represent a relatively high level of affordable housing need for these smaller counties. The ratio is calculated by dividing

the number of households with median incomes between 30 and 60 percent of MFI by the number of affordable rental units available in that county.

Total and relative unmet need calculations for each county were then weighted to create an overall ranking for each county. Total unmet need was given a weight of .75; relative unmet need was given a weight of .25. Once the overall rankings were created, locational scoring points were assigned. Counties with the greatest need as demonstrated by their overall ranking received 45 points; counties with the least need as demonstrated by their overall ranking received no points. The following General Locational Map illustrates the scores assigned to Georgia's 159 counties, for family developments.

The need for elderly rental housing was addressed through a model that used total unmet need for households headed by persons 62 years of age or older. The demand for affordable multifamily housing for the elderly population was determined through an estimate of the number of those households in each county with incomes falling between 30 and 60 percent of MFI. The supply data were obtained from sources that included DCA, the Department of Housing and Urban Development, and the U. S. Department of Agriculture. Since some properties may not have been identified as elderly in existing sources of information, the actual supply of affordable housing may be somewhat greater than shown by these calculations.

The total unmet need for elderly housing was then scored for each county. Counties with a total unmet need of less than 30 units were excluded from the ranking, in recognition of the difficulty of supporting an elderly affordable housing site in those counties. Total possible points for the location of proposed elderly affordable housing are 45. The following Elderly Locational Map illustrates the results of the elderly locational scoring model.

B. Site Review

DCA will inspect all proposed development sites at the time of Pre-Application. DCA will consider some activities and/or land uses (commercial, residential or industrial) that occur within a close proximity of the development to be undesirable. See categories below for more information.

DCA will determine, at its sole and absolute discretion, sites that are not suitable for the planned development.

All sites must undergo a Phase I Environmental Site Assessment and must not exhibit any hazardous or potentially hazardous conditions. No funding will be available for off-site development, including but not limited to road development and access to utilities.

To qualify for points under this category, the site must exhibit the following characteristics:

1. Configuration: **(10 points)**

A desirable site is one that is relatively flat, or has slopes less than 10% for 4/5 of the property. The site shall not have bodies of water within the boundaries unless the cost of the project includes a plan for managing that body of water, and the plan must be included in the Formal Application. The site should retain much of its original vegetation and trees, which must be supported by and clearly delineated on the site layout. Little or no regrading or fill would be required to obtain optimum drainage patterns.

- The site has an existing slope of no more than 10%, for no more than 4/5 of the area; or **(10 points)**
- The site has a slope of between 10% and 15%, for no more than 4/5 of the area. **(5 points)**

An undesirable site is one that is in excess of 15% slope for more than 1/5 of the area and would require grading and/or fill that will change the original configuration of the property. Site drainage will require extensive underground piping systems to retention ponds or storm water systems. All vegetation will be cleared.

2. Neighborhood Characteristics: **(9 points)**

Residential development is adjacent to site. This residential use shall be adjacent to one side of the site as a minimum, or directly opposite the site and across the main access road, and the housing should be part of a stable occupied neighborhood. The proposed site shall not be surrounded by uses that are “undesirable” (as addressed under Neighborhood Proximity) for residential development.

3. Regulatory: **(9 points)**

A desirable site has no wetlands or flood plain delineated within the property boundaries, or; the site may have wetlands or flood plain area within its boundaries, but these areas must not be disturbed in excess of the Army Corps of Engineers limits during the construction process and/or during the period of affordability. The allowable area of wetlands and flood plain areas on the property must not exceed 1/5 the area of the site as defined in Section 12; Threshold Requirements.

Maps are required to document the existence or absence of these areas, and to illustrate the delineation of both the wetlands and floodplain areas on the site. Maps can be obtained from the Local Authorities, US Geological Survey, Army Corps of Engineers, or the Federal Emergency Management Agency.

4. Accessibility/Visibility: (7 points)
A Site is visible from the primary road with a frontage of at least 100 feet.

4 points

Site has easy vehicular and pedestrian access to adjacent streets and within walking distance (1 mile) to public transportation or a primary road.

3 points

5. Neighborhood Proximity: (6 points)

A desirable site is one located within walking distance (1 mile) to activities suitable for the proposed tenant base. Desirable activities are defined as but not limited to retail, recreation, schools, day care, hospital, employment centers, civic centers.

Undesirable activities are defined as but not limited to junk yards, liquor stores, hazardous or chemical activities, sources of noise, odor or other nuisance pollution, locations identified by local law enforcement officials as gathering places for criminal activity. It should be noted that for projects located in urban areas, certain activities ordinarily considered undesirable will be evaluated relative to overall project type and value to the community.

Points will be added to a maximum of six (6) for each desirable activity and deducted to zero for each undesirable activity. Documentation must be provided in the form of a map indicating location of all desirable and undesirable activities along with a key for the map indicating the type of activity.

III. TENANCY CHARACTERISTICS

A. Development or Tenant Support Program

Scoring Value: 15 Points

The proposed project is a component of the Local Public Housing Agency's (PHA) tenant initiative program (including the PHA's development program or project), as evidenced by: 1) the Local PHA's financial investment in the project's physical plant and/or a financial contribution to the long-term economic feasibility of the project via operating cost contributions or tenant rent subsidies for a minimum period of five (5) years; and 2) an executed agreement between the Local Public Housing Agency and the project ownership entity setting forth the project ownership entity's responsibility to rent dwelling units to public housing tenants. The Local PHA's financial contribution must come from a source independent of the project. Developer fees earned or deferred by the PHA on the subject project, funds from any non-PHA general partner, limited partner, or other development team member will not be considered a PHA contribution.

To be eligible for scoring points under this criterion, the applicant must include in the Formal Application a copy of the executed agreement between the ownership entity and the Local PHA. The executed agreement **must** set forth the type, term and amount of the Local PHA's financing assistance to the proposed project and/or the Agency's long-term financial contribution to the long-term (at least five (5) years) economic feasibility of the project via operating cost contributions and/or tenant rent subsidies as well as the number and type of rental units the proposed owner will hold and rent to public housing tenants. "Hold and rent" means that the Applicant agrees to rent the designated units exclusively to existing public housing tenants or households currently on a Public Housing Authority's waiting list.

Scoring points under this criterion will be awarded as follows depending on the type of financial assistance from the Public Housing Agency:

Rental Assistance

10% of units reserved and rented to public housing tenants	(2 points)
20% of units reserved and rented to public housing tenants	(4 points)
30% of units reserved and rented to public housing tenants	(6 points)

Capital Investment

10% of units reserved and rented to public housing tenants	(3 points)
20% of units reserved and rented to public housing tenants	(6 points)
30% of units reserved and rented to public housing tenants	(9 points)

B. Special Need Projects

Scoring Value: 8 points

The applicant agrees to hold and rent at least fifty percent (50%) of the total project dwelling units to Special Need (non-elderly) households as defined in Section 3, Affordable Rental Housing Needs. The applicant must provide the supportive services applicable to the needs of the designated Special Need tenants, and must demonstrate that the project can be self-supporting through available fund sources, including rent subsidies as necessary.

Applicants must satisfy the following requirements to qualify for the scoring points:

1. Submit a conditional commitment for rental assistance from the Georgia Department of Human Resources, U.S. Department of Housing and Urban Development, or another federal or state rental assistance provider. If the market study substantiates sufficient demand among Special Need households who can pay HOME and/or Credit rents without the use of subsidies, the project will qualify for points under this criterion; and
2. Submit a conditional contract with an experienced, licensed provider for the appropriate services executed by the applicant and the service. A final, binding contract for the proposed services must be submitted before HOME loan closing

or Credit Carryover, whichever is earlier. Any proposed changes from the initial application submission in the supportive services provider must be approved by DCA prior to entering in to a contract with that service provider.

C. Very Low Income Tenancy Exceeding Mandatory Requirements

Scoring Value: 4 points

Applicants reserving and renting dwelling units with rents affordable by very low income households, those earning annual gross incomes of fifty percent (50%) or less of the area median income, serve a very pressing housing need in Georgia. Projects that reserve and rent more than the minimum number of dwelling units to lower-income households than is required by the appropriate program will be awarded additional scoring points. These minimums are defined in the applicable Manual. Owners will be required to execute restrictive covenants stipulating the number of dwelling units to be reserved and rented to very-low income households for the term of the Credit Compliance period or the term of the HOME loan, whichever has the longest duration. Points will be awarded as follows:

<u>% of units beyond program minimum</u>	
5-20	(2 Points)
21-40	(3 Points)
41+	(4 Points)

In scoring points for this criteria, DCA will not round upward due to the fact that the IRS and HUD do not allow such upward rounding in meeting minimum set-aside requirements.

D. Mixed Income Projects

Scoring Value: 8 points

Projects designed for both low-income and market-rate tenants are eligible to receive 8 points for 40% - 80% of project units designated for low-income tenants.

E. Extended Affordability Period

Scoring Value: 1 point

For Credit Projects Only: Applicants agreeing to maintain projects as affordable rental housing beyond the fifteen (15) year minimum required Credit compliance period will be awarded one (1) point.

For HOME and Credits or HOME Only: To be eligible for one (1) point, projects will be required to maintain the income and rent restrictions as presented in the applicable Manual throughout the extended affordability period. Restrictive covenants will be recorded to reflect this requirement.

F. Elderly

Scoring Value: 7 points

Affordable housing for elderly persons (aged 62 years or older) is identified as a housing need in the State of Georgia. No units for the Elderly above the ground floor will be allowed unless an elevator is provided for access. The elevator is in addition to other means of egress as required by Fire and Safety Codes. Applicants agreeing to develop housing specifically for elderly residents will be awarded points as follows:

- a. 100% of residential units set aside for elderly residents; and, **(4 points)**
- b. Supportive services applicable to the needs of elderly tenants available to the residents without additional charge. Evidence must be provided in the form of a conditional contract with an experienced, licensed provider for the appropriate services executed by the applicant and the servicer. A final, binding contract for the proposed services must be submitted before HOME loan closing or Credit Carryover, whichever is earlier. Any proposed changes from the initial application submission in the supportive service provider must be approved by DCA prior to entering into a contract with that service provider: **(3 points)**

IV. LOCAL GOVERNMENT SUPPORT AND FINANCING ASSISTANCE

Scoring Value: 15 Points

DCA encourages all low-income housing development teams to coordinate project developments with respective local governments. Applicants who obtain local governments' project endorsements will be awarded points as described below:

- A. The controlling elected body or official of the local government (as specified in its charter), jurisdiction in which the property is located at the time of Formal Application (e.g., city council if within the city limits, or county commission if in an unincorporated area), must adopt a resolution of support for the proposed project. The resolution must clearly indicate that the local government understands the nature of the proposed project by identifying at a minimum, the type of project, number of anticipated units, and specific project location. Additionally, the resolution must clearly express the local government's support of the proposed project as opposed to mere indifference toward the project. A certified copy of the resolution or letter of endorsement must be included in the Formal Application. A certified copy of the resolution or letter of endorsement must be included in the Formal Application. **(3 points)**
- B. Points also will be awarded under this criterion if the respective local government reduces project development costs, if the participating jurisdiction in which the project is located funds the project with HOME or CDBG funds, or if USDA funding is obtained to serve as leveraged assistance. Local governments must reduce total project development costs through:
 - waiver of water and sewer tap fees
 - waiver of building permit fees

- foregoing real property taxes during construction
- contribution of land for project development
- providing below market rate construction and/or permanent financing
- providing an abatement of real estate taxes
- providing other project operational cost subsidies, and/or
- other contributions.

USDA funding must be obtained in the form of loan funds or rental assistance or both. Points under this scoring category will be calculated based on the percentage reduction in total project cost and/or project operating cost subsidies, as follows:

2% total project cost and/or annual operating cost reduction -	(3 points)
5% total project cost and/or annual operating cost reduction -	(6 points)
7% total project cost and/or annual operation cost reduction -	(9 points)
10% total project cost and/or annual operating cost reduction -	(12 points)

Documentation from local government clearly showing the types, amounts, and terms and conditions, along with a letter from the chief executive officer of the local government certifying the local government's contribution to the proposed project's development and/or operation must be included in the Formal Application. **Public Housing Authority assistance does not qualify for points in this section.**

In the case of USDA funding, documentation in the form of a USDA "notification of award" letter must be included in the Formal Application. In the case of CDBG and HOME funds contributed by a participating jurisdiction, a firm financing commitment must be included in the Formal Application.

V. PROJECT CHARACTERISTICS **Scoring Value: 30 points**

Note: These requirements are applicable to both new construction and rehabilitation projects.

A. Local Nonprofit Participation **(1 point)**

Applicant will receive one (1) point if ownership entity includes a locally-based nonprofit housing development organization. Locally-based means the nonprofit's service area includes the neighborhood, city, or county in which the project is to be located. The nonprofit must materially participate (within the meaning of IRC 469(h)) in development and ongoing management of the project.

B. Energy Efficiency Requirements **(4 points)**

To receive these points, projects must exceed the Georgia Energy Code. To qualify for these points, the applicant must supply:

1. An original letter from the registered architect or professional engineer of record for the project, stating and certifying to the elements that make up the energy rating of the structures and clearly stating that it exceeds (not “meets or exceeds”), or provide a letter from the local energy supplier which clearly states that the project exceeds the local energy efficiency requirements.

C. Project Design (10 Points)

DCA encourages the construction of multifamily complexes that reflect the character of the community in which they are located. The marketability of the property and appearance of the site are important components in the final product. Longevity and low maintenance are to be considered in the design of the property. The allocation of these points will be at the discretion of DCA and the interpretation of the appropriateness of the proposed features and materials by DCA will be final.

Points will be awarded in the following categories:

(1) Exterior Material & Trim:

Low maintenance and durability of exterior materials will extend the life of the property. Attractive exterior features will assist marketability of the complex.

Buildings shall have brick or stone exterior finish material, in excess of 40% of the total exterior wall surfaces on all faces of the building. **(3 points)**

Upgrade of exterior finish materials from minimum standards, such as longer life roofing, heavier gauge or more durable exterior siding, prefinished wood or metal windows, etc. For allocation of these points specification sheets must be provided along with other appropriate documentation clearly indicating these upgrades and the durability or low maintenance benefits assigned to the proposed materials. **(2 points)**

The addition of exterior fenestration such as shutters, decorative exterior patio/porch fencing or other additional trim on all exterior elevations. **(1 point)**

(2) Landscaping/Site Design: (2 points)

A site design that shall include features from at least two of the following categories:

- Integration of existing vegetation with new plantings, clearly delineated on the site plan. These areas shall be designed to create spaces such as seating areas or shading for playground and/or other recreation uses;
- Freestanding shelters in appropriate locations such as the mail center, recreation areas or transportation stops;
- Enhanced streetscape at front entry with trees and other plantings; features such as berms, fencing additional lighting and signage.

(3) Historic/Community Features: (2 points)

The property shall exhibit design features of prominent county, neighborhood or community structures. To obtain these points the applicant must document with a

location map, photographs, and written descriptions of the structures that serve as the influence on the property design. DCA shall in its sole and absolute discretion, assess the appropriateness and desirability of the features selected for point consideration.

These design features may include: covered porches or patios, roof profiles such as gables, hips or other decorative components such as cupolas; featured window profiles and building entry delineation. The exterior finish materials and use of existing site features and configuration are also part of this point consideration.

D. Project Amenities (15 points)

All properties must include as basic: HVAC systems, refrigerators, stoves, an on-site laundry (1 washer and 1 dryer per every 14 units) and one equipped recreation area suitable for the proposed tenant base. If washers and dryers are installed and maintained in every unit at no additional cost to tenants, an on-site laundry is not required. All properties in urban locations must be fenced on the sides and rear of the property. All amenities, with the exception of the on-site laundry, must be available to the tenants at no additional charge. The registered architect or professional engineer of record must submit a letter with the Formal Application, which identifies the amenities for each project. This letter must certify to all basic amenities as well as amenities proposed for point scoring. Architectural documents included in the application package will be reviewed to verify all proposed amenities included in the certification letter, and where they are not indicated, the points will be disallowed. All the amenities identified by the registered architect or professional engineer will be verified by DCA at the time of the final construction inspection. The appropriateness and adequacy of the proposed amenities for the purposes of point scoring will be determined at the sole discretion of DCA. No reduction or adjustment in amenities will be allowed after submission of the Formal Application.

Points will be allocated as follows:

- Washer/Dryer hookups in all units in addition to required central laundry or washers and dryers are installed and maintained in every unit at no additional cost to tenants (5 Points)
- Additional equipped recreational area (1 point per area to a maximum of 3 Points) (i.e.: picnic area, pool, weight room, basketball, etc.)(3 Points)
- Community building, to include leasing office and community spaces (3 Points)
- Ornamental or security fencing at the front property line (2 Points)
- Dishwasher and Disposal (both must be supplied) (1 Point)
- Complete Site Landscaping Sprinkler System (1 Point)

VI. READINESS TO PROCEED Scoring Value: 6 Points

An applicant should apply for all Building and Disturbance Permits as required by the local jurisdiction, or be able to demonstrate that the proposed construction will meet all federal,

state, and local construction requirements, applicable building codes, and permitting requirements. To qualify for points the owner must supply:

- A. A copy of the building permit obtained, dated appropriately to allow construction to commence within a time frame that allows completion in accordance with DCA requirements. An original letter from the local building authority must be included in the application, indicating all documentation has been received and all fees have been paid, or; **(6 points)**
- B. An original letter from the licensed Architect of record stating that the proposed construction will meet all federal, state and local requirements for construction, and that the plans will meet the applicable building code and permitting requirements of the local jurisdiction. Project owner must also include an original letter from the registered engineer of record stating that the site development will meet all federal, state and local requirements, and the design will meet all applicable permit requirements of the local, state and federal jurisdictions. **(4 points)**

VII. COMPLIANCE SCORING SECTION

**Scoring Value: + 10 Points
- 20 Points**

General

This section is designed to consider prior compliance experience with HOME, FDIC, and Credit properties as part of the overall scoring process. Developers/general partners, owners, and management companies (Project Participants) with no prior experience or compliance audits in Georgia or one of Georgia's contiguous states will have no positive or negative impact on the final Compliance Score. Project Participants with experience, that have been audited, will be scored in accordance with the Compliance Evaluation Process discussed below. The scores for the Project Participants with experience/audits will be weighted along with the neutral scores of those Project Participants with no experience/audits. The final Compliance Score may result in either the addition of up to 10 points or a reduction of up to 20 points to the overall Formal Application score. Project Compliance scores falling below the negative 20 points will not be eligible to participate in the 1999 competitive round. *Although syndicators will be scored, applying the same criteria used for scoring the other Project Participants, their score will be assessed on a pass/fail basis. That is, only those syndicators scoring negative 20 points or higher will be eligible to participate in 1999 affordable housing projects receiving OAHF funding.*

Required Documentation

The developer/general partners, owner, syndicator, and management company designated in the project application must submit copies of all HOME, FDIC, and Credit notices of noncompliance (i.e. 8823's, letters, reports, etc.) issued by the DCA or the GHFA within three (3) years of the Pre-Application submission deadline. This submission should include all noncompliance notices for all projects in which any Project Participant was a participant at the time of the audit. Also, the number of units included in each of the audits must be

reported. ***Note that in accordance with part XV of the Threshold requirements of the 1999 Plan, the project Syndicator may not be known at the time of application. All potential Syndicators must submit to DCA the same required compliance documentation at the time applicants notify DCA of the equity providers selected (which must occur within 30 days of the date 1999 reservations are announced).***

Any Project Participant having had no DCA/GHFA audits of HOME, FDIC, or Credit properties within the three (3) year period, but were audited by similar agencies in Florida, Alabama, Tennessee, North Carolina, or South Carolina, must submit copies of all HOME, FDIC, and Credit notices of noncompliance (i.e. 8823's, letters, reports, etc.) issued by these agencies, along with a list of all projects audited by these agencies within the three (3) year period. This submission should include all noncompliance notices on projects for which any Project Participant was a participant at the time of the audit. The number of units included in each audit must also be reported. In addition, five (5) fully executed copies of the Compliance Information Release Form (included in the Pre-Application package) must be submitted. ***Syndicators may receive copies of the Compliance Information Release Forms by submitting written requests to DCA's Office of Audits and Compliance.***

Compliance Evaluation Process

Overview

A numerical value will be applied for each instance of noncompliance (see table VIII.a). The total number of units audited for each Project Participant designated in the Application will be divided by the total of the numerical values to determine a Participant Compliance Factor (see table VIII.b). Project Participants with no experience/audits will receive a neutral Participant Compliance Factor. The total of the Participant Compliance Factors for the three categories of participants determines the Overall Compliance Factor. The Compliance Score can then be determined from the Compliance Scoring Table included in this Section (see table VIII.c). ***Note that the Syndicator compliance assessment does not effect the project Compliance Score. However, to determine Syndicator eligibility, simply multiply their individual compliance factor by 3 and refer to the Compliance Scoring Table. If the score from the Table equals or exceeds negative 20, the Syndicator is eligible to participate if all other Syndicator requirements are met.***

Examples Of Major and Minor Instances Of Noncompliance

The following examples are intended to provide general guidance to determine whether a particular instance of noncompliance will be treated by DCA as major or minor for scoring purposes. This list of examples does not include every conceivable category of noncompliance and is not intended to be all-inclusive. DCA will make the final determination on a case by case basis. Based on this general guidance, applicants must use their own judgment for self-scoring purposes.

Examples of Major Noncompliance

- Rents charged to tenants that exceed the tax limit
- Failure to follow the Next Available Unit Rule
- Numerous instances of administrative noncompliance (failing to execute the policies and procedures stated in the Georgia Low Income Housing Tax Credit Compliance Manual)
- Severe Health and Safety Violations generally affecting more than one unit (structural problems, severe water damage, fire hazards, etc.)
- Down units (not suitable for occupancy for extended period of times generally more than ninety (90) days)
- Disposition/Sale of property

Examples of Minor Noncompliance

- Isolated instances of administrative noncompliance (failing to execute the policies and procedures stated in the Georgia Low Income Housing Tax Credit Compliance Manual)
- Less critical instances of health and safety violations (loose handrail, inoperable stove burner, minor leak under sink, etc.)

Table VIII.a

NONCOMPLIANCE CATEGORIES

	Minor Noncompliance Per Unit	Project Wide	Pe
Isolated instances of noncompliance resolved during the DCA assigned cure period	0	0	
Isolated instances of noncompliance resolved after the DCA assigned cure period	1	2	
Other instances of noncompliance resolved during the DCA assigned cure period	2	3	
Other instances of noncompliance resolved after the DCA assigned cure period	3	4	
Incurable instances of noncompliance – measures taken to prevent further instances of noncompliance	1	2	
Curable instances of noncompliance left uncured	6	10	App
Incurable instances of noncompliance – no measures taken to prevent further instances of noncompliance	6	10	App
Unused Credits resulting from failure to meet the 10% carryover requirement or not placing a project in service within 24 months of the reservation*			
Submission of fraudulent information or equivalent acts			App
Debarred from participation in similar programs in any of the contiguous states at the Pre-Application deadline date			App
Debarred from participation in similar programs by any Federal agency at the Pre-Application deadline date			App

* A factor of 10 will apply for each building involved in the project.

Table VIII.b **EXAMPLES OF COMPLIANCE SCORING PROCESS**

<i>Example 1 assumes all three participants have been audited within the three-year period</i>			
Project Participants	Number of Units Audited Within: Five-Year Period	/ Participant Compliance Numerical Value	= Participant Compliance Factor
Developer/General Partner	330	5	66.0
Owner(see note 1)	45	0	100.0
Management Company (see note 1)	120	1	100.0
Overall Compliance Factor			266
Final Compliance Score From Compliance Scoring Table			7

<i>Example 2 assumes two of the three participants have been audited within the three-year period</i>			
Participants	Number of Units Audited Within: Five-Year Period	/ Participant Compliance Numerical Value	= Participant Compliance Factor
Developer/General Partner	330	5	66.0
Owner (see note 2)	0	0	65
Management Company	120	1	100.0
Overall Compliance Factor			239
Final Compliance Score From Compliance Scoring Table			4

Note 1 – The maximum participant compliance factor is 100.

Note 2 – An unaudited participant will receive a participant compliance factor of 65, which will have no Positive or negative impact on the final compliance score.

Table VIII.c **COMPLIANCE SCORING TABLE**

Overall Compliance Factor	Final Compliance Score
290 – 300	10
280 – 289	9
270 – 279	8
260 – 269 Example 1	7
250 – 259	6
240 – 249	5
230 – 239 Example 2	4
220 – 229	3
210 – 219	2
200 – 209	1
190 – 199	0
185 – 189	-1
180 – 184	-2
175 – 179	-3
170 – 174	-4
165 – 169	-5
160 – 164	-6
155 – 159	-7
150 – 154	-8
145 – 149	-9
140 – 144	-10
135 – 139	-11
130 – 134	-12
125 – 129	-20
124 OR LESS	Ineligible Project

SECTION 14 NONPROFIT PROJECT OWNERSHIP SET-ASIDE

Ten percent (10%) of the Credits are set aside for financing affordable rental housing owned, in part, by qualified nonprofit organizations that materially participate in the project and meet all requirements set forth in IRS Code Section 42(h)(5).

SECTION 15 HOME SET-ASIDES

A minimum of fifteen percent (15%) of the State's FFY1999 HOME fund allocation will be set-aside for projects owned by nonprofits which have been prequalified by the State as CHDOs.

SECTION 16 OAHD FUNDING RESTRICTIONS

Maximum Credit Authority Per Project

Note: Not applicable to Tax Exempt Bond financed projects.

No project will be awarded more than Seven Hundred Seventy-Five Thousand and No/100 Dollars (\$775,000.00) of Georgia's annual Credit authority.

Maximum Credit Award per OAHD Annual Cycle

Note: Not applicable to Tax Exempt Bond financed projects.

No individual applicant shall receive more than twenty percent (20%) of Georgia's annual Credit authority. The individual general partnership interests of applicants requesting Credits will be analyzed. In the event it is determined that an individual applicant has general partnership interests in a limited partnership which will exceed the twenty percent (20%) Credit ceiling, the project will not be awarded financing, regardless of the Formal Application score or the project's economic feasibility. Inasmuch as the total annual credit authority may not be known until after announcements are made, this ceiling may be adjusted accordingly.

The one exception to the 20% credit limit is in the situation where a for-profit developer partners with a nonprofit developer. If the nonprofit developer does not meet the owner/developer experience requirement (point XVI, Section 12, Application Threshold Requirements), it can partner through a contractual agreement with a for-profit developer (that meets the above-mentioned experience requirement) under the following circumstances:

1. the nonprofit must be eligible and competing for funding under the CHDO Loan Program or the Low Income Housing Tax Credit's Nonprofit Set-Aside;
2. the application includes an executed agreement between the nonprofit and for-profit describing the responsibilities of each party to the agreement in the development of the project;
3. the agreement must include the implementation of a housing development training plan,

- providing for the training of the nonprofit by the for-profit;
4. the training must specify that the training services to the nonprofit will be provided through construction, lease-up, and permanent loan conversion, and include timetables, milestones, and training hours per week;
 5. the plan must be attached to the agreement as an exhibit; and
 6. the plan must be approved by DCA in its sole and absolute discretion.

For such nonprofit/for-profit arrangements, none of the credits associated with the project will count toward the for-profit's 20% credit limit.

Maximum HOME Award per OAHD Annual Cycle

No individual applicant shall receive more than thirty percent (30%) of the OAHD's annual HOME loan authority. The individual general partnership interests of applicants requesting HOME funds will be analyzed as to the percentage of ownership interest held. In the event it is determined that an individual applicant has a general partnership interest in a limited partnership which will exceed the thirty percent (30%) loan ceiling, the Formal Application will not be awarded financing, regardless of the application score or the project's financial feasibility and/or economic viability. DCA will still count the application against the ceiling if an individual or business develops the project as part of a contractual arrangement with the owner and the individual has no interest, directly or indirectly, in any part of the ownership interest.

Credit Recapture: Failure to Complete Work Scope

Owners of projects receiving Credit for the rehabilitation of an existing property must perform one hundred percent (100%) of the rehabilitation work scope in accordance with the original Physical Needs Assessment submitted with the Formal Application. Owners of properties receiving Credits for new construction must perform one hundred percent (100%) of the work scope as set forth in the DCA approved construction drawings and specifications. DCA will inspect projects requesting IRS Form(s) 8609 to ensure that all work has been completed prior to issuing Form(s) 8609. If a lesser percentage is completed, DCA reserves the right to recapture all Credit allocated. At its sole and absolute discretion, DCA may approve requested modifications to the proposed work scope.

Credit Recapture: Failure to Commence Construction/Rehabilitation

Note: Not applicable to Tax Exempt Bond financed projects.

Owners of projects receiving Credits for new construction or rehabilitation in the 1999 round must commence construction or rehabilitation in accordance with their respective schedule, but in any event, no later than December 31, 2000. Failure to commence construction as scheduled will cause an automatic recapture of the Credits. DCA will closely monitor construction start dates. To certify the commencement of construction and/or rehabilitation, the Project Owner will be required to provide DCA with copies of project building permits

and a copy of the Project Owner's Notice to Proceed to the project's general contractor. In reviewing the commencement and completion schedules, DCA, in its sole and absolute discretion, reserves the right to grant waivers on written requests.

Credit Recapture: Failure to Commence work on 1997 Credit Allocations

Any property which received Credit in 1997, and is applying for additional Credit in 1999 for the same 1997 project, must have completed at least fifty percent (50%) of that 1997 project work scope as defined in the construction documentation submitted in the 1997 Formal Application. The construction documentation shall include drawings, specifications, written work scope, and physical needs assessments as applicable for new construction or rehabilitation projects. The fifty percent (50%) completion requirement must be met as of the 1999 Formal Application submission deadline.

Credit Recapture: Failure to Pay Compliance Monitoring Fee

Failure by a Project Owner to pay the required Credit Compliance Monitoring Fee at the time of carryover will result in an automatic recapture of the Credits. If the project owner is a nonprofit sole general partner, the credit compliance monitoring fee is due at the time of carryover or when credits are syndicated.

Disqualification: Continuing Non-Compliance

Principals of projects awarded Credits in previous award cycles must remain materially in compliance with Credit and HOME Program requirements (if applicable) to remain eligible to compete for future Credit awards or HOME loans. Material noncompliance status exists when in the judgment of DCA, an applicant exhibits a continual pattern of noncompliance, or when an applicant demonstrates an inability or an unwillingness to resolve noncompliance matters in a timely manner. DCA will have sole and absolute discretion to determine those parties ineligible to participate in the 1999 OAHF funding competition due to noncompliance status.

Disqualification: Failure to Use Previously Awarded Credits

An applicant, including principals or officers of the ownership entity, awarded or allocated Credit in a previous year, which went unused for reasons other than for acts of God or the exercise of the power of eminent domain by a governmental body, will be ineligible to apply for Credits for a period of one year. An owner will be banned from ever reapplying for Credit for the specific project for which Credit went unused and Carryover Allocation was allowed to expire. In its sole and absolute discretion, DCA may allow an Applicant who returned Credits allocated in a previous year to apply for Credit on the condition that if the Formal Application is approved, the owner will pay a reservation fee equal to seventeen percent (17%) of the annual allocation amount.

SECTION 17 TAX EXEMPT FINANCED PROJECTS/4% CREDITS

To be eligible for an allocation of four percent (4%) Credits, tax exempt bond financed projects must satisfy the Threshold Requirements set forth above, unless otherwise noted. In addition, tax-exempt bond financed projects must comply with those requirements contained in the Section 16 (OAHF Funding Restrictions) of this Plan.

Although IRC Section 42 states that the tax-exempt bond issuer is directly responsible for determining whether or not the project meets the State's Plan, DCA will make its own determination. The project must comply with the Plan in effect at the time that the Determination Letter is issued. No IRS Form(s) 8609 will be issued until this determination has been made by DCA. Owners are strongly urged to apply for the Determination Letter before closing the bonds. In making application for the Determination Letter, an Owner must complete the standard Formal Application, as well as provide all supporting documentation necessary to meet all applicable Threshold requirements. DCA will provide the Determination Letter within 45 days of the receipt of a complete Formal Application. After being placed in service, tax-exempt bond financed projects must apply for IRS Form (s) 8609 by completing a Final Allocation Application. The amount of Bond/4% Credit IRS Form 8609 Fee will be calculated as 2% of the annual credit amount and will be payable at the time of issuance of IRS Form 8609.

DCA will make the final determination of the Credit amount. DCA will not issue Determination Letters or 8609's when an applicant exhibits a continual pattern of noncompliance, or when the applicant demonstrates an inability or an unwillingness to resolve noncompliance matters in a timely manner.

SECTION 18 MONITORING AND COMPLIANCE

The applicant's compliance responsibilities begin with the award of the HOME funds and/or the Credits and will continue through the end of the compliance period or the term of the loan, whichever is longer.

Applicants are advised that DCA is required to monitor projects for compliance with the requirements of IRC Section 42, the HOME regulations at 24 CFR Part 92, the representations set forth in the Formal Application, the requirements stated in the Plan, and the requirements set forth in the respective program manuals. DCA's plan for compliance monitoring described below outlines the overall requirements, offers explanations for individual program regulations, and sets forth the requirements for properties participating in multiple programs.

Required Training for Owners

Note: Tax-exempt Bond Properties must meet this requirement.

The Owner/General Partner is required to successfully complete a compliance training seminar provided by or sponsored by DCA. The Owner of a HOME-funded property will be required to

submit the Certificate of Successful Completion prior to leasing the first unit. Limited partners are strongly encouraged to attend these training seminars, but may elect to have property managers serve as the Limited Partner's representative. Seminars for HOME, Credit, and HOME/Credit properties will be available on an individual property basis. Certification testing is required and Certificates are awarded upon successful completion of the training. The Owner of a Credit property will be required to submit to DCA the Certificate of Successful Completion for the Credit training prior to placing the first building in service. Georgia HOME and Tax Credit Compliance Manuals will be distributed at the training sessions.

DCA will hold the applicant/owner responsible for all representations made in the approved Formal Application. The applicant/owner also is responsible for ensuring that the property abides by the rules, regulations, and restrictions specified in the Plan, the Land Use Restriction Agreement or Covenant, the Georgia HOME and Tax Credit Manuals, the HOME Final Rule (as amended on 5/28/97 and 8/22/97), and in Section 42 of the IRS Code. Although DCA is responsible for monitoring the Owners' compliance with these rules, regulations, and restrictions, this responsibility does not make DCA liable for an Owners' noncompliance.

Property and Record Compliance

- A. For purposes of determining initial or ongoing eligibility and compliance with property maintenance requirements, DCA asserts the right to conduct on-site inspections of any project receiving Credit, HOME, or both Credit and HOME funding at any time through the end of the compliance period or the term of the loan, whichever is longer. DCA will provide prompt written notice to the Owner of noncompliance findings and will assign an appropriate cure period.
- B. DCA asserts the right to perform an on-site inspection of tenant records on any project receiving Credit, HOME, or both Credit and HOME funding at any time through the end of the compliance period or the term of the loan, whichever is longer. DCA will provide prompt written notice to the Owner of any noncompliance finding and will assign an appropriate cure period.
- C. In the Credit Program, DCA is required to report all items of possible noncompliance to the IRS on IRS Form 8823. This form(s) will be issued to the Owner/General Partner of the project. If the noncompliance can be and has been corrected by the end of the cure period, the correction will be noted on Form 8823. DCA and the IRS consider Form 8823 to be a confidential tax document and, as such, Form 8823 will not be provided to parties not having an ownership interest in the project.

Reports to be Provided to DCA

- A. Project Owners receiving HOME loans are required to submit Quarterly Occupancy Reports in a format prescribed in the DCA HOME Manual, together with copies of Tenant Income Certifications for rental units leased during the quarter (beginning with initial lease-up date), until the property has reached one hundred percent (100%) initial

occupancy. After one hundred percent (100%) occupancy is achieved and the property is determined by DCA to be in compliance with the HOME regulations and with all DCA requirements, the property will then be required to report on an annual basis throughout the term of the loan. Project Owners are also required to submit an Annual Owners Certification and Annual Owner's Report in a format prescribed by DCA.

- B. Project Owners receiving Credits are required to submit Quarterly Occupancy Reports with tenant income certifications for rental units leased that quarter, beginning with the first building placed in service forward, until the project reaches one hundred percent (100%) initial occupancy. After one hundred percent (100%) occupancy has been achieved and the property is found to be in compliance with Credit regulations and all DCA requirements, the property will then report on an annual basis through the end of the project's compliance period. Project Owners are also required to submit an Annual Owners Certification and Annual Owner's Report in a format prescribed by DCA.
- C. Project Owners receiving HOME loans and Credits are required to submit Quarterly Occupancy Reports from the initial lease-up date forward until the project has reached one hundred percent (100%) occupancy. If the property is determined to be in compliance with the HOME regulations, with Section 42 of the IRC, and with all DCA requirements, the property will then report on an annual basis in a format prescribed by DCA through the term of the loan or the compliance period, whichever is longer. Project Owners are also required to submit an Annual Owners Certification and Annual Owner's Report in a format prescribed by DCA.
- D. Project Owners who received Credit and are financed under the Section 515 program of the U.S. Department of Agriculture will not be required to submit monthly or quarterly reports. These properties are required to submit the Annual Owner's Certification and Annual Owner's Report prescribed by DCA in the Tax Credit Manual, on an annual basis through the end of the project compliance period.
- E. Owners of projects that received Credits and are also financed with proceeds from tax-exempt bonds will be required to submit Quarterly Occupancy Reports beginning with the first building placed in service until the property has reached one hundred percent (100%) occupancy. If the property is determined to be in compliance with Credit regulations and all DCA requirements, the property will then report on an annual basis throughout the compliance period. Failure to report as required will be considered noncompliance.

Record Keeping and Record Retention

- A. Project Owners awarded HOME loans must keep records for each assisted building as stipulated in the final HOME regulations dated September 16, 1996, and as amended on May 28, 1997, and on August 22, 1997, and as stated in the Georgia HOME Compliance Manual.

- B. Project Owners allocated Credits must keep records for each building as stipulated in Section 42 of the IRS Code Section 1.42-5(b) and in the Georgia Low Income Housing Tax Credit Manual.
- C. Project Owners receiving HOME loans and Credits must follow the most stringent requirements of the two programs.

Properties with Multiple Sources of DCA Funding

Project receiving more than one source of DCA funding (e.g., HOME and Credits) are required to comply with the monitoring provisions of each of the individual funding sources and with the Land Use Restriction Agreements and Covenants. In the event of inconsistencies between the funding program requirements, agreements, or covenants, the most restrictive requirements will always govern.

Compliance Standards

- A. Assessment of Noncompliance
Principals of projects awarded Credits in previous award cycles must remain materially in compliance with Credit and HOME Program requirements (if applicable) to remain eligible to compete for future Credit awards or HOME loans. Material noncompliance status exists when a party exhibits a continual pattern of noncompliance, or when a party demonstrates an inability or an unwillingness to resolve noncompliance matters in a timely manner. DCA will have sole and absolute discretion in determining those parties ineligible to participate in the OAHD financing competition due to noncompliance status.
- B. Cure Period Standards
DCA will notify the owner in writing of any possible findings of noncompliance. Each item of noncompliance will have an assigned cure period. The cure periods will typically range from thirty (30) to a maximum of ninety (90) days. The following is a listing of some items of noncompliance that will provide examples of cure periods assigned.

<u>Noncompliance Items</u>	<u>Typical Cure Periods</u>
Health and Safety	
Any issue	48 hours
Administrative Noncompliance	
Incomplete or incorrect tenant income certifications	30 days
Tenant income certifications not notarized	30 days
Failure to report on a quarterly or annual basis	30 days
Project-wide Noncompliance	
Incorrect utility allowances	60 days
Violations of 40/50 rule	60 days
Rent overages	60 days

Incurable Instances of Noncompliance

Over income first year tenants	No cure
Rent overages during first year	No cure
Submission of fraudulent information to DCA	No cure

Federal regulations require that all noncompliance, whether or not corrected, must be reported to the IRS. Federal Regulations also authorizes DCA to extend the cure period for up to six (6) months, but only if DCA determines that such extension is justified.

Monitoring Fees

- A. DCA charges a monitoring fee for all Credit developments containing five (5) or more low-income units. Credit recipients will be required to pay the entire fee covering the fifteen (15) year compliance period prior to the issuance of the project's IRS Forms 8609. The compliance fee for the fifteen (15) year Credit compliance period is \$600 per unit.
- B. Developments financed by the U.S. Department of Agriculture under the Section 515 program are charged a reduced compliance fee. Recipients will be required to pay the entire fee covering the fifteen (15) year Credit compliance period prior to the issuance of the project's IRS Forms 8609. The compliance fee for the fifteen (15) year Low Income Housing Tax Credit compliance period is \$200 per unit.

Compliance Monitoring Responsibilities

- A. DCA may choose to delegate all or a portion of its compliance monitoring responsibilities to an agent or other private contractor. This option, if chosen, does not relieve DCA of its obligation to notify HUD or the IRS of noncompliance instances. DCA may also delegate some or all of its compliance monitoring responsibilities to another State agency. This delegation may include the responsibility of notifying the IRS of noncompliance.
- B. DCA must be informed of all conditions or extenuating circumstances at each project which may impact compliance monitoring duties. Any questions regarding compliance with the Credit or HOME programs should be addressed in writing and faxed to Compliance Monitoring at (404) 679-0631.

SECTION 19 MODIFICATION OF PLAN

Without limiting the generality of DCA's power and authority to administer, operate, and manage the allocation of Credits according to federal law, federal procedures, and this Plan, DCA shall make such determinations and decisions, publish administrative rules, require the use of such forms, establish such procedures, and otherwise administer, operate, and manage allocations of Credit in such respects as may be, in the DCA's determination, necessary, desirable, or incident to its responsibilities as the administrator, operator, and manager of allocations of credits.

The Governor recognizes and acknowledges that DCA will encounter situations which have not been foreseen or provided for in the Plan and expressly delegates to DCA the power to amend the Plan, after the public has had the opportunity to comment through the public hearing process, and to administer, operate, and manage allocations of Credits in all situations and circumstances, both foreseen and unforeseen, including, without limiting the generality of the foregoing, the power and authority to control and establish procedures for controlling any misuse or abuses of the credit allocation system and the power and authority to resolve conflicts, inconsistencies, or ambiguities, if any, in this Plan or which may arise in administering, operating, or managing credit allocations pursuant to this Plan.

In its sole and absolute discretion, and where warranted by extenuating circumstances, DCA reserves the right to allocate credit, up to the first day of the allocation round, based on the prior year's allocation plan with all applicable terms and conditions, to projects that received an allocation in the prior year. DCA also may award credits to projects by other than the highest score within the preferences stated in this Plan. If necessary, in each round, DCA will award seventy-five percent (75%) of the credit authority available according to the points received and the preferences set forth in the plan until the amount available is depleted. The remaining twenty-five percent (25%) of credit authority will be awarded within the preferences to achieve balance as required by factors, such as geographic area, type of activity (new construction/rehabilitation), size of project, and type of project (family/elderly).

Additionally, DCA may allow owners to address deficiencies in the Formal Application if DCA does not approve a sufficient number of Formal Applications to use all the credit authority available in an application cycle and it receives Formal Applications which are acceptable except for minor deficiencies which the developer can address within a reasonable amount of time (generally not to exceed 10 business days). Should DCA not allow applicants to address any deficiencies or applicants fail to submit any requested information within the time period specified, DCA will reject the Formal Application.

In the event a project which met the minimum score does not receive a reservation because the amount of credit available in that application cycle has been exhausted, that project will, subject to DCA approval, be placed on the waiting list for that cycle's credit ceiling. Projects for which no reservation was made may compete again in a subsequent cycle.

Any decision DCA makes, and any action or inaction by DCA in administering, managing, and operating the system shall be final and conclusive and shall not be subject to any review, whether judicial, administrative, or otherwise, and shall not be covered by, subject to, or required to comply with or satisfy any provisions of Chapter 13 of Title 50 of the Official Code of Georgia Annotated, the "Georgia Administrative Procedure Act." The Governor further expressly delegates to the Board of Directors of the DCA the ability to amend this Plan to ensure compliance with federal law and regulations as such federal law may be amended and as federal regulations are promulgated governing Credits.